

To:  
Financial Supervision Commission  
Investment Activity Supervision Department  
16 Budapest Str.  
Sofia

Cc:  
Bulgarian Stock Exchange - Sofia AD  
6 Tri Ushi Str.  
Sofia

Re: Individual (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 z.

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the individual (unaudited) financial statements of First Investment Bank AD as at 30 June 2019, containing:

1. Financial statements as at 30.06.2019 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 30.06.2019;
3. Interim activity report under Art. 100o, para. 4(2) of POSA;
4. Declaration under Art. 100o, para. 4(3) of POSA;
5. Information pursuant to Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information.

Sincerely,

*(signed)*

Nedelcho Nedelchev  
Chief Executive Officer  
Chair of the MB

*(signed)*

Svetozar Popov  
Executive Director  
Member of the MB

FIRST INVESTMENT BANK AD

**Individual statement of shareholders' equity for the six months ended 30 June 2019**

unaudited

*in BGN '000*

	Issued share capital	Share premium	Other reserves and retained earnings	Revaluation reserve of investments in securities	Revaluation reserve on property	Statutory reserve	Total
<b>Balance at 01 January 2018</b>	<b>110 000</b>	<b>97 000</b>	<b>658 399</b>	<b>19 524</b>	<b>4 500</b>	<b>39 861</b>	<b>929 284</b>
<b>Initial application of IFRS 9</b>							
Effect from the initial application of IFRS 9 as regards impairment losses	-	-	(276 770)	-	-	-	(276 770)
Effect from the initial application of IFRS 9 as regards the revaluation reserve of investments in securities	-	-	4 904	(4 904)	-	-	-
<b>Change in balances as at 1 January 2018</b>	<b>110 000</b>	<b>97 000</b>	<b>386 533</b>	<b>14 620</b>	<b>4 500</b>	<b>39 861</b>	<b>652 514</b>
<b>Total comprehensive income for the period</b>							
Net profit for the year ended 31 December 2018	-	-	164 138	-	-	-	164 138
<b>Other comprehensive income for the period</b>							
Revaluation reserve of investments in securities	-	-	-	(3 739)	-	-	(3 739)
<b>Balance as at 31 December 2018</b>	<b>110 000</b>	<b>97 000</b>	<b>550 671</b>	<b>10 881</b>	<b>4 500</b>	<b>39 861</b>	<b>812 913</b>
<b>Total comprehensive income for the period</b>							
Net profit for the six months ended on 30 June 2019	-	-	94 165	-	-	-	94 165
<b>Other comprehensive income for the period</b>							
Revaluation reserve of investments in securities	-	-	-	3 172	-	-	3 172
<b>Balance as at 30 June 2019</b>	<b>110 000</b>	<b>97 000</b>	<b>644 836</b>	<b>14 053</b>	<b>4 500</b>	<b>39 861</b>	<b>910 250</b>

(signed)  
NEDELCHO NEDELICHEV  
Chief Executive Officer

(signed)  
SVETOZAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
JIVKO TODOROV  
Chief Financial Officer

FIRST INVESTMENT BANK AD

**Stand-alone statement of the financial position as at 30 June 2019**

unaudited

*in BGN '000*

	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>ASSETS</b>		
Cash and balances with Central Banks	1 631 021	1 615 646
Investments in securities	601 015	681 464
Loans and advances to banks and other financial institutions	73 609	125 472
Loans and advances to customers	5 859 723	5 525 957
Property and equipment	81 035	80 627
Intangible assets	12 141	13 339
Derivatives held for risk management	886	905
Current tax assets	-	605
Repossessed assets	706 253	804 707
Investment Property	414 751	242 558
Investments in subsidiaries	36 179	36 179
Other assets	121 880	110 378
<b>TOTAL ASSETS</b>	<b>9 538 493</b>	<b>9 237 837</b>
<b>LIABILITIES AND CAPITAL</b>		
Due to banks	13 411	17 243
Due to other customers	8 265 208	8 021 439
Liabilities evidenced by paper	111 866	118 156
Hybrid debt	210 159	208 786
Derivatives held for risk management	1 099	88
Deferred tax liability	12 685	1 696
Current tax liabilities	172	-
Other liabilities	13 643	57 516
<b>TOTAL LIABILITIES</b>	<b>8 628 243</b>	<b>8 424 924</b>
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 861	39 861
Revaluation reserve of investments in securities	14 053	10 881
Revaluation reserve on property	4 500	4 500
Other reserves and retained earnings	644 836	550 671
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>910 250</b>	<b>812 913</b>
<b>TOTAL LIABILITIES AND GROUP EQUITY</b>	<b>9 538 493</b>	<b>9 237 837</b>

(signed)  
NEDELCHO NEDELCHEV  
Chief Executive Officer

(signed)  
SVETOSAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
JIVKO TODOROV  
Chief Financial Officer

FIRST INVESTMENT BANK AD

**Individual statement of profit or loss and of other comprehensive income for the six months ended 30 June 2019**  
unaudited

*in BGN '000*

	Six months ended 30/06/2019	Six months ended 30/06/2018
Interest income	145 464	152 337
Interest expense	(29 700)	(30 894)
<b>Net interest income</b>	<b>115 764</b>	<b>121 443</b>
Fee and commission income	59 333	55 550
Fee and commission expense	(11 350)	(9 321)
<b>Net fee and commission income</b>	<b>47 983</b>	<b>46 229</b>
Net trading income	7 605	5 179
Other net operating income	4 299	8 527
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>	<b>175 651</b>	<b>181 378</b>
Administrative expenses	(106 095)	(96 081)
Allowance for impairment	(23 488)	(45 908)
Other income/(expenses), net	58 910	(215)
<b>PROFIT BEFORE TAX</b>	<b>104 978</b>	<b>39 174</b>
Income tax expense	(10 813)	6 273
<b>NET PROFIT</b>	<b>94 165</b>	<b>45 447</b>
<b>Other comprehensive income for the period</b>		
<b>Items which should or may be reclassified as profit or loss</b>		
Revaluation reserve of investments in securities	3 172	(299)
<b>Total other comprehensive income</b>	<b>3 172</b>	<b>(299)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>97 337</b>	<b>45 148</b>

(signed)  
NEDELCHO NEDELICHEV  
Chief Executive Officer

(signed)  
SVETOZAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
JIVKO TODOROV  
Chief Financial Officer

	Six months ended 30/06/2019	Six months ended 30/06/2018
<b>Net cash flow from operating activities</b>		
Net profit	94 165	45 447
<b>Adjustment for non-cash items</b>		
Allowance for impairment	23 488	45 908
Net interest income	(115 764)	(121 443)
Depreciation and amortization	7 045	7 206
Tax expense	10 813	(6 273)
(Profit)/loss from sale and write-off of tangible and intangible fixed assets, net	(1)	2
(Profit) from sale of other assets, net	(776)	(1 329)
(Positive) revaluation of investment property	(72 940)	(13 669)
	<b>(53 970)</b>	<b>(44 151)</b>
<b>Change in operating assets</b>		
Decrease in financial assets at fair value through profit or loss	153	27 972
(Increase)/decrease in financial assets at fair value in other comprehensive income	94 596	(33 847)
(Increase) in loans and advances to banks and financial institutions	(6 133)	(1 170)
(Increase) in loans to customers	(361 130)	(313 070)
(Increase) in other assets	(11 478)	(9 374)
	<b>(283 992)</b>	<b>(329 489)</b>
<b>Change in operating liabilities</b>		
(Decrease) in liabilities to banks	(3 832)	(1 934)
Increase in amounts owed to other depositors	241 382	273 322
Net (decrease) in other liabilities	(44 646)	(17 220)
	<b>192 904</b>	<b>254 168</b>
Interest received	147 114	127 007
Interest paid	(25 810)	(42 965)
Dividends received	14	22
(Paid)/refunded profit tax	600	(2 718)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(23 140)</b>	<b>(38 126)</b>
<b>Cash flow from investing activities</b>		
(Purchase) of tangible and intangible fixed assets	(6 256)	(8 576)
Sale of tangible and intangible fixed assets	2	1
Sale of other assets	5 154	8 832
(Increase)/decrease of investments	(12 037)	9 780
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(13 137)</b>	<b>10 037</b>
<b>Financing activities</b>		
Increase/(decrease) in borrowings	(6 420)	54 416
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(6 420)</b>	<b>54 416</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(42 697)</b>	<b>26 327</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>1 728 774</b>	<b>1 467 355</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1 686 077</b>	<b>1 493 682</b>

(signed)  
NEDELCHO NEDELICHEV  
Chief Executive Officer

(signed)  
SVETOZAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV

(signed)  
JIVKO TODOROV

**ADDENDUM TO THE UNAUDITED STAND-ALONE INTERIM FINANCIAL STATEMENTS OF  
FIRST INVESTMENT BANK AD  
AS AT 30/06/2019**

**NOTES**

**1. Basis of preparation**

**(a) Statute**

First Investment Bank AD (the Bank) was incorporated in 1993 in the Republic of Bulgaria and has its registered office in Sofia, at 37 Dragan Tzankov Blvd.

The Bank has a general banking license issued by the Bulgarian National Bank (BNB) according to which it is allowed to conduct all banking transactions permitted by Bulgarian legislation.

The Bank has foreign operations in Cyprus.

Following the successful Initial Public Offering of new shares at the Bulgarian Stock Exchange – Sofia, on June 13th 2007 the Bank was registered as a public company in the Register of the Financial Supervision Commission pursuant to the provisions of the Law on the Public Offering of Securities.

**(b) Statement of compliance**

These condensed interim financial statements were drawn up in accordance with IAS 34: Interim Financial Reporting.

**(c) Presentation**

The financial statements are presented in Bulgarian Leva (BGN) rounded to the nearest thousand.

The financial statements are prepared in accordance with the fair value principle of derivative financial instruments, financial instruments recognised at fair value in profit or loss, as well as assets recognised at fair value in other comprehensive income. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention.

The present financial statements of the Bank are not consolidated. These individual financial statements form an integral part of the consolidated financial statements. Information about the basic earnings per share is given in the consolidated financial statements.

**(d) New standards, amendments and interpretations effective as of 01 January 2019**

The following amendments to existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;
- IAS 28 Foreign Currency Transactions and Advance Consideration (issued on 12 October 2017), endorsed by the EU on 08 February 2019, published in the Official Journal on 11 February 2019
- Amendments to IAS 19: Prepayment Features with Negative Compensation (issued on 07 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019

The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies with the exception of the application of IFRS 16.

IFRS 16 Leases, effective as of 1 January 2019, replaces the instructions to IAS 17 Leases and makes changes to the accounting for leases, especially for lessees.

According to IAS 17 lessees were required to distinguish between finance leases (recognised in the balance sheet) and operating leases (off-balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting lease payments to be made and the right-of-use asset for almost all lease agreements.

IASB envisaged exemptions for short-term leases or leases of low-value assets; these exemptions may only be applied by the lessee.

Lessor accounting remains largely unchanged.

According to IFRS 16, a lease agreement or an agreement containing a lease, is an agreement which grants the right to control the use of an asset over a given period of time against remuneration.

The management is in the process of assessing the effect from application of the standard, but cannot yet provide quantitative information. The following steps have been undertaken:

- All agreements are subjected to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;
- A decision is to be made which transition approach to opt for - either a full or a modified retrospective transition approach (which means that comparative information will not be restated). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. The decision which approach to choose is important because it cannot be changed later.
- Current disclosures on financial lease and operating lease agreements are being assessed, since they might be the basis for determining the capitalised amount and may become right-of-use assets.
- It is being determined what accounting simplification is applicable to lease agreements and whether the right to exemption will be used.
- The requirements to the existing IT system are being reviewed;
- the additional required disclosures are being assessed.

Management does not expect a significant effect from application of this standard, since in the analysed rental agreements to which the Bank is a party as a tenant:

- The right to control the asset is not transferred because in practice the Bank's ability to receive substantially all of the economic benefits from use of the asset in practice is limited. In essence, all rental agreements to which the Bank is a party deprive it of the right to sublease the property to third parties.
- In the analysed rental agreements, the right to control the use of the asset is not transferred, and the bank is limited in making relevant decisions regarding how to use the rented asset, as it can only make decisions related to the operating use and maintenance of said asset. In essence, as regards all rental agreements, the Bank has no right to change the approved manner of use for the property by making a decision to use it for purposes different from those initially approved. The lessor, on the other hand, being the owner, may at any time change the instructions for use given upon the initial agreement. This in practice deprives the bank as lessee of the full right to control the use of the asset.
- Due to the reasons listed above the Bank assumes that a significant portion of the rental agreements to which the Bank is a party as a lessee do not fall within the scope of the definition for lease.

**(e) Documents issued by IASB/IFRICs not yet endorsed by the European Commission**

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date are already issued by the International Accounting Standards Board

have not yet been endorsed by the EU and therefore are not taken into account by the Bank in preparing these financial statements.

- IFRS 17 Insurance Contracts (issued on 18 May 2017)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018), effective 1 January 2020
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018), effective 1 January 2020.
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018), effective 01 January 2020

## **2. Significant accounting policies**

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2018, with the exception of the disclosed effect from the application of IFRS 16.

### **(a) Income recognition**

#### **(i) Interest income**

Interest income and expense is recognised in the profit or loss as it accrues, taking into account the effective yield of the asset (liability) or an applicable floating rate. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received as well as discount and premiums which are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income is calculated by applying the effective interest rate on the gross value of the financial asset, except for impaired assets for which the effective interest rate is applied to the amortised cost of the financial asset.

#### **(ii) Fees and Commissions**

Fee and commission income arises on financial services provided by the Bank and is recognised in profit or loss when the corresponding service is provided.

#### **(iii) Net trading income**

Net gains (losses) on financial assets and liabilities held for trading includes those gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading as well as trading income in dealing with foreign currencies and exchange differences from daily revaluation of the net open foreign currency position of the Bank.

#### **(iv) Dividend income**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.



**(b) Basis of consolidation of subsidiaries**

Investments in subsidiaries are stated at cost, minus the accrued impairment.

**(c) Foreign currency transactions**

**(i) Functional and presentation currency**

The financial statements are presented in Bulgarian leva, which is the Bank's functional and presentation currency.

**(ii) Transactions and balances**

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Foreign currency differences arising on translation are difference between amortised cost in functional currency in the beginning of period, adjusted with effective interest and received payments during the period, and amortised cost in foreign currency at the spot exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined.

**(iii) Foreign operations**

The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. In determining the functional currency of the foreign operations, the Bank takes into account the fact that they are carried out as an extension of the reporting entity.

**(d) Financial assets**

**(i) Recognition**

The Bank recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Bank initially recognizes trade and other receivables on the date of transaction. Advances to customers are recognised when cash is advanced to the borrowers. At initial recognition, the Bank measures all financial assets at fair value plus, in the case of financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Bank classifies financial assets in the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. Management determines the classification of investments at initial recognition according to the business model for management of the specific class of financial assets and the contractual features of the cash flows associated with that financial asset.

**(ii) Financial assets at amortised cost**

Debt instruments held within the Bank's business model whose objective is to hold assets in order to collect contractual cash flows and where the contractual cash flows give rise only to principal and interest payments are recognised at amortised cost. After the initial recognition assets are booked at amortised cost.

Recognition at amortised cost requires application of the effective interest rate method. The amortised cost of a financial asset is the value at which the financial asset was initially recognised, minus the principal repayments plus or minus the amortisation accrued by using the effective interest rate method for each difference between the initial value and the value at the maturity date and minus impairment.

**(iii) Financial assets at fair value through other comprehensive income**

Debt instruments held within the Bank's business model whose objective is to hold assets in order to collect contractual cash flows or to sell the asset and where the contractual cash flows give rise only to principal and interest payments are recognised at fair value in other comprehensive income. After initial recognition, the asset is measured at fair value with changes in fair value in revaluation reserve of investments in securities (other comprehensive income). When the debt instrument is written off, the profit or loss accrued and recognised in other comprehensive income is transferred to profit or loss.

**(iv) Financial assets at fair value through profit or loss**

The position contains two categories: financial assets held for trading and financial assets not classified in the above two categories. A financial asset is classified in this category if it was acquired for the purpose of short-term sale or if its contractual characteristics do not meet the requirement for generating payments of only principal and interest. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Bank does not designate any debt instrument as at fair value through profit or loss to remove or significantly reduce an accounting mismatch.

**(v) Capital instruments at fair value through other comprehensive income**

The Bank may make an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. When the equity instrument is written off, the profit or loss accrued and recognised in other comprehensive income is directly transferred to other reserves and retained earnings.

**(vi) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Bank which holds portfolios of financial assets and financial liabilities is exposed to market risk and credit risk. If the Bank manages these portfolios on the basis of its net exposure either to market risk or credit risk, the fair value is measured on the basis of a price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(vii) Derecognition**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank transfers these rights in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred to the buyer. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers financial assets recognised in its statement of financial position, but retains either all or substantially all risks and rewards of the transferred asset. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised in the statement of financial position (an example of such transactions are repo deals).

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which, control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash deposited with central banks and short-term highly liquid accounts and advances to banks with original maturity of up to three months.

**(f) Investments**

Investments that the Bank holds for the purpose of short-term profit taking or repurchases are classified as financial assets for trading. Investments in debt instruments held by the Bank as part of a business model for the purpose of collecting contractual cash flows are classified as financial assets at amortised cost. Investments in debt instruments held by the Bank as part of a business model for the purpose of collecting contractual cash flows and sale are classified as financial assets at fair value in other comprehensive income. All other investments, including those whose contractual terms do not meet the requirement for generation of only principal and interest payments are classified as recognised at fair value in profit or loss.

**(g) Securities borrowing and lending business and repurchase transactions**

**(i) Securities borrowing and lending**

Investments lent under securities lending arrangements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for

assets held for trading or available-for-sale as appropriate. Cash collateral received in respect of securities lent is recognised as liabilities to either banks or customers. Investments borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense.

**(ii) Repurchase agreements**

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale are reported as liabilities to either banks or other customers.

The difference between the purchase (sale) and resell (repurchase) considerations is recognised on an accrual basis over the period of the transaction and is included in interest income (expenses).

**(h) Borrowings**

Borrowings are recognised initially at 'cost', being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

If the Bank purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of a liability and the consideration paid is included in other operating income.

**(i) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

**(j) Impairment of financial assets**

The Bank recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as loss allowance.

Whether credit risk is significantly increased or not is determined based on the following factors and events for the debtor or the exposure:

- Internal behavioural scoring of natural persons, companies and institutions whose exposures are above the threshold for significance;
- Decrease in credit rating (internal or external) by a given number of notches for companies and institutions whose exposures are above the threshold for significance.
- Delinquencies;
- Other factors.

**(k) Property and equipment**

Land and buildings are presented in the statement of financial position at their revalued amount which is the fair value of the asset as at the date of revaluation less any subsequent amortisation and depreciation and accumulated impairment losses. All others classes of items of property, plant and equipment are stated in the statement of financial position at their acquisition cost less accumulated depreciation and allowance for impairment.

Depreciation is calculated on a straight-line basis at prescribed rates designed to decrease the cost or valuation of fixed assets over their expected useful lives. The annual rates of amortisation are as follows:

<b>Assets</b>	<b>%</b>
• Buildings	3 - 4
• Equipment	10 - 50
• Fixtures and fittings	10 - 15
• Motor vehicles	20
• Leasehold Improvements	2 - 50

Assets are not depreciated until they are brought into use and transferred from assets in the course of construction into the relevant asset category.

**(l) Intangible assets**

Intangible assets acquired by the Bank are stated at cost, less accumulated amortisation and any impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful life of the asset. The annual rates of amortisation are as follows:

<b>Assets</b>	<b>%</b>
• Licenses and trademarks	14
• Software and licences	8 - 50

**(m) Investment Property**

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both. The Bank has chosen for its accounting policy to account for investment property using the fair value model and applies this to all its investment property. Investment properties are initially measured at cost and are subsequently measured using the fair value model, and the revaluation income and expense is recognised in the profit for period in which they occurred. The reclassification of repossessed assets reported as inventories into investment properties is possible only where a contract to rent out the respective property has been signed. The fair value of assets constituting investment property was determined by independent property assessors holding recognised professional qualification and recent experience in assessing property with similar location and category, using reliable techniques for determining fair values.

**(n) Provisions**

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and an reliable assessment of the amount due can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(o) Acceptances**

An acceptance is created when the Bank agrees to pay, at a stipulated future date, a draft drawn on it for a specified amount. The Bank’s acceptances primarily arise from documentary credits stipulating payment to be made a certain number of days after receipt of required documents.

The Bank negotiates most acceptances to be settled at a later date following the reimbursement from the customers. Acceptances are accounted for as liabilities evidenced by paper.

**(p) Off-balance sheet commitments**

In the ordinary course of its business, the Bank enters into off-statement of financial position commitments such as guarantees and letters of credit. The Bank recognizes provision for off-statement of financial position commitments when it has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and when a reliable estimate can be made of the obligation.

**(q) Taxation**

Tax on the profit for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted by the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to profit or loss, except to the extent that it relates to items previously recognised either in other comprehensive income or directly in equity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(r) Critical accounting estimates and judgements in applying accounting policies**

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 30 June 2019 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 4 - determining of the fair value of the financial instruments through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- Note 15 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information;

**(i) *Assessment of repossessed assets from collaterals***

Assets accepted as collateral are recognized at the lower of the cost of acquisition and the net realizable value. When evaluating the net realizable value of the assets the Bank prepares several models for appraisal (e.g. discounted cash flows) and makes comparison to available market data (e.g. similar market transactions, offers from potential buyers).

**(ii) *Income taxes***

The Bank is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions

and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(s) Employee benefits**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. The Bank's contributions to the defined contribution pension plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Bank has an obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art. 222, § 3 of the Labour Code.

According to these regulations in the LC, when a labour contract of a bank's employee, who has acquired a pension right, is ended, the Bank is obliged to pay him compensations amounted to two gross monthly salaries. Where the employee has been with the same employer for the past 10 years, this employee is entitled to a compensation amounting to six gross monthly salaries. As at balance sheet date, the Management of the Bank estimates the approximate amount of the potential expenditures for every employee using the projected unit credit method.

For the last two years the Bank has prepared estimates for the due provisions for pensions and has not identified significant liabilities.

**Termination benefits**

Termination benefits are recognised as an expense when the Bank is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

**Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The Bank recognises as a liability the undiscounted amount of the estimated costs related to annual leave expected to be paid in exchange for the employee's service for the period completed.

### 3. Segment Reporting

Segment information is presented in respect of the Bank's geographical segments. The primary format, geographical segments, is based on the Bank's management and internal reporting structure.

Reporting and measurement of segment assets and liabilities and segment revenues and results is based on the accounting policies set out in the accounting policy notes.

Transactions between segments are conducted on an arm's length basis.

The Bank operates principally in Bulgaria, but also has operations in Cyprus.

In presenting information on the basis of geographical segments, revenue and operating income is allocated after interbranch eliminations based on the location of the Bank branch that generated the revenue. Segment assets and liabilities are allocated after interbranch eliminations based on their geographical location.

*in BGN '000*

	Bulgarian operations		Foreign operations		Total	
	Six months ended 30/06/2019	Six months ended 30/06/2018	Six months ended on 30/06/2019	Six months ended on 30/06/2018	Six months ended on 30/06/2019	Six months ended on 30/06/2018
Interest income	145,326	152,096	138	241	145,464	152,337
Interest expense	(29,691)	(30,883)	(9)	(11)	(29,700)	(30,894)
<b>Net interest income</b>	<b>115,635</b>	<b>121,213</b>	<b>129</b>	<b>230</b>	<b>115,764</b>	<b>121,443</b>
Fee and commission income	58,138	54,817	1,195	733	59,333	55,550
Fee and commission expense	(11,326)	(9,310)	(24)	(11)	(11,350)	(9,321)
<b>Net fee and commission income</b>	<b>46,812</b>	<b>45,507</b>	<b>1,171</b>	<b>722</b>	<b>47,983</b>	<b>46,229</b>
Net trading income	7,098	4,753	507	426	7,605	5,179
Administrative expenses	(105,271)	(95,476)	(824)	(605)	(106,095)	(96,081)
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Assets</b>	<b>9,531,565</b>	<b>9,229,337</b>	<b>6,928</b>	<b>8,500</b>	<b>9,538,493</b>	<b>9,237,837</b>
<b>Liabilities</b>	<b>8,381,521</b>	<b>8,210,833</b>	<b>246,722</b>	<b>214,091</b>	<b>8,628,243</b>	<b>8,424,924</b>

The table below shows assets and liabilities and income and expense by business segments as at 30 June 2019.

*In BGN '000*

Business	Assets	Liabilities	Interest income	Interest expense	Net fee and commission income	Net trading income	Other net operating income
Corporate customers	3,269,759	826,848	63,526	(449)	11,828	-	120
Small and medium enterprises	780,204	505,948	17,120	(401)	9,163	-	14
Retail Banking	1,809,760	6,932,412	59,559	(15,359)	26,956	-	210
Treasury	2,306,531	88,161	5,259	(1,984)	85	7,605	1,214
Other	1,372,239	274,874	-	(11,507)	(49)	-	2,741
<b>Total</b>	<b>9,538,493</b>	<b>8,628,243</b>	<b>145,464</b>	<b>(29,700)</b>	<b>47,983</b>	<b>7,605</b>	<b>4,299</b>



#### **4. Financial assets and liabilities**

##### **Accounting classification and fair values**

The Bank's accounting policy on fair value measurements is set out in Note 2(d)(vi).

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs are observable data for a given asset or liability. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

Other valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

However, where the Bank measures portfolios of financial assets and financial liabilities on the basis of net exposures, it applies judgement in determining appropriate portfolio level adjustments such as bid-ask spread.

Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio.

For more complex instruments, the Bank uses proprietary valuation models, which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter derivatives, certain loans and securities for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Bank has an established control framework with respect to the measurement of fair values. This framework includes a Risk Management function, which is independent of Treasury division and reports to management, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- proposal of new models and changes to existing models is made by the Risk Analysis and Control Division and approved by the Management Board;
- calibration of models against observed market transactions;
- analysis and investigation of significant daily valuation movements;
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous month, by Risk Analysis and Control division.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Risk Management division assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement;
- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

The tables below set out analysis of financial instruments measured at fair value at the end of the reporting period classified by fair value hierarchy level framework categorising fair value measurement. The amounts are based on the amounts in the statement of financial position.

in thousands of BGN

<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	6,892	17,549	14	24,455
Financial assets at fair value through other comprehensive income	537,783	25,891	-	563,674
Derivatives held for risk management	886	(1,099)	-	(213)
<b>Total</b>	<b>545,561</b>	<b>42,341</b>	<b>14</b>	<b>587,916</b>

In BGN '000

<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	7,176	17,488	14	24,678
Financial assets at fair value through other comprehensive income	630,306	25,732	-	656,038
Derivatives held for risk management	905	(88)	-	817
<b>Total</b>	<b>638,387</b>	<b>43,132</b>	<b>14</b>	<b>681,533</b>

The tables below set out analysis of the fair values of financial instruments not recognised at fair value, classified by fair value hierarchy level framework categorising fair value measurement

in thousands of BGN

<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total balance sheet value</b>
<b>Assets</b>					
Cash and balances with Central Banks	-	1,631,021	-	1,631,021	1,631,021
Financial assets at amortised cost	12,082	972	-	13,054	12,886
Loans and advances to banks and other financial institutions	-	73,609	-	73,609	73,609
Loans and advances to customers	-	820,918	5,200,314	6,021,232	5,859,723
<b>Total</b>	<b>12,082</b>	<b>2,526,520</b>	<b>5,200,314</b>	<b>7,738,916</b>	<b>7,577,239</b>
<b>Liabilities</b>					
Due to banks	-	13,411	-	13,411	13,411
Due to other customers	-	3,639,808	4,634,733	8,274,541	8,265,208
Liabilities evidenced by paper	-	111,858	-	111,858	111,866
Hybrid debt	-	210,159	-	210,159	210,159
<b>Total</b>	<b>-</b>	<b>3,975,236</b>	<b>4,634,733</b>	<b>8,609,969</b>	<b>8,600,644</b>

In BGN '000

<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total balance sheet value</b>
<b>Assets</b>					
Cash and balances with Central Banks	-	1,615,646	-	1,615,646	1,615,646
Financial assets at amortised cost	-	862	-	862	748
Loans and advances to banks and other financial institutions	-	125,472	-	125,472	125,472
Loans and advances to customers	-	770,242	4,986,901	5,757,143	5,525,957
<b>Total</b>	<b>-</b>	<b>2,512,222</b>	<b>4,986,901</b>	<b>7,499,123</b>	<b>7,267,823</b>
<b>Liabilities</b>					
Due to banks	-	17,243	-	17,243	17,243
Due to other customers	-	3,421,023	4,607,405	8,028,428	8,021,439
Liabilities evidenced by paper	-	118,128	-	118,128	118,156
Hybrid debt	-	208,786	-	208,786	208,786
<b>Total</b>	<b>-</b>	<b>3,765,180</b>	<b>4,607,405</b>	<b>8,372,585</b>	<b>8,365,624</b>

## 5. Net interest income

in thousands of BGN

	<b>Six months ended 30/06/2019</b>	<b>Six months ended 30/06/2018</b>
<b>Interest income</b>		
Accounts with and placements to banks and financial institutions	773	710
Revenue from interest on liabilities	8	-
Retail Banking	56,005	58,541
Corporate customers	63,526	73,337
Small and medium enterprises	17,120	15,074
Microlending	3,554	4,176
Debt instruments	4,478	499
	<b>145,464</b>	<b>152,337</b>
<b>Interest expense</b>		
Deposits from banks	(37)	-
Deposits from other customers	(16,209)	(18,340)
Liabilities evidenced by paper	(422)	(385)
Hybrid debt	(11,348)	(11,348)
Interest on assets cost	(1,682)	(777)
Lease agreements and other	(2)	(44)
	<b>(29,700)</b>	<b>(30,894)</b>
<b>Net interest income</b>	<b>115,764</b>	<b>121,443</b>

## 6. Net fee and commission income

<i>in thousands of BGN</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
<b>Fee and commission income</b>		
Letters of credit and guarantees	2,198	1,479
Payment operations	11,051	10,158
Customer accounts	15,568	14,187
Card services	16,306	15,857
Other	14,210	13,869
	<b>59,333</b>	<b>55,550</b>
<b>Fee and commission expense</b>		
Letters of credit and guarantees	(330)	(143)
Payment systems	(1,476)	(853)
Card services	(7,414)	(6,857)
Other	(2,130)	(1,468)
	<b>(11,350)</b>	<b>(9,321)</b>
<b>Net fee and commission income</b>	<b>47,983</b>	<b>46,229</b>

## 7. Net trading income

<i>in thousands of BGN</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
Net trading income arises from:		
- Debt instruments	(29)	(51)
- Equities	62	(103)
- Foreign exchange rate fluctuations	7,572	5,333
	<b>7,605</b>	<b>5,179</b>

## 8. Other net operating income

<i>In BGN '000</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
Other net operating income arising from:		
- net income/(expense) from transactions and revaluation of gold and precious metals	160	337
Rental income	2,581	4,309
- Debt instruments	1,327	2,146
- Equities	(113)	-
- income from management of assigned receivables	-	588
- Gain on administration of loans acquired through business combination	344	1,147
<b>Other net operating income</b>	<b>4,299</b>	<b>8,527</b>

## 9. Administrative expenses

<i>in thousands of BGN</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
General and administrative expenses comprise:		
- Personnel cost	32,507	32,494
- Depreciation and amortisation	7,045	7,206
- Advertising	7,249	6,211
- Building rent expense	17,500	16,361
- Telecommunication, software and other computer maintenance	5,795	5,689
- Other expenses for external services	35,999	28,120
<b>Administrative expenses</b>	<b>106,095</b>	<b>96,081</b>

## 10. Allowance for impairment

<i>in thousands of BGN</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
<b>Write-downs</b>		
Loans and advances to customers	(32,599)	(102,597)
Investments in subsidiaries	-	(178)
Off balance sheet commitments	(1,780)	-
<b>Reversal of write-downs</b>		
Loans and advances to customers	10,891	56,867
Off balance sheet commitments	-	-
<b>Impairment cost, net</b>	<b>(23,488)</b>	<b>(45,908)</b>

## 10a. Other income/(expenses), net

<i>in thousands of BGN</i>	Six months ended 30/06/2019	Six months ended 30/06/2018
Income from sale of assets	745	1,428
Revaluation of investment property	72,940	13,669
Income from sale of investment property	11	-
Dividend income	14	22
Cost of guarantee schemes	(15,620)	(16,602)
Other income, net	820	1,268
<b>Total</b>	<b>58,910</b>	<b>(215)</b>

## 11. Cash and balances with Central Banks

<i>in thousands of BGN</i>	30.06.2019	31.12.2018
Cash on hand		
- in BGN	127,929	123,104
- in foreign currency	37,298	49,041
Balances with Central Banks	1,158,651	1,035,796
Current accounts and amounts with foreign banks	307,143	407,705
<b>Total</b>	<b>1,631,021</b>	<b>1,615,646</b>

## 12. Investments in securities

<i>In thousands of BGN</i>	30.06.2019	31.12.2018
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	155,318	181,470
- denominated in foreign currencies	140,177	141,419
Foreign governments		
- treasury bills	197,226	247,145
- treasury bonds	54,753	45,813
Corporates	-	17,084
Foreign banks	31,597	26,480
Other issuers – equity instruments	21,944	22,053
<b>Total</b>	<b>601,015</b>	<b>681,464</b>
Of which:		
at fair value through other comprehensive income	563,674	656,038
at amortised cost	12,886	748
at fair value through profit and loss	24,455	24,678
<b>Total</b>	<b>601,015</b>	<b>681,464</b>

### 13. Loans and advances to banks and other financial institutions

#### (a) Analysis by type

<i>in thousands of BGN</i>	30.06.2019	31.12.2018
Placements with banks	46,326	23,059
Receivables under resale agreements	7,912	4,985
Other	19,371	97,428
<b>Total</b>	<b>73,609</b>	<b>125,472</b>

#### (b) Geographical analysis

<i>in thousands of BGN</i>	30.06.2019	31.12.2018
Domestic banks and financial institutions	11,584	28,901
Foreign banks and other financial institutions	62,025	96,571
<b>Total</b>	<b>73,609</b>	<b>125,472</b>

### 14. Loans and advances to customers

*in thousands of BGN*

			30/06/2019
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	802,867	(49,068)	753,799
- Mortgage loans	758,269	(26,510)	731,759
- Credit cards	191,706	(31,391)	160,315
- Other programmes and collateralised financing	5,084	-	5,084
Small and medium enterprises	801,059	(20,855)	780,204
Microlending	164,034	(5,231)	158,803
Corporate customers	3,675,526	(405,767)	3,269,759
Including receivables from financial lease	370,228	(11,043)	359,185
<b>Total</b>	<b>6,398,545</b>	<b>(538,822)</b>	<b>5,859,723</b>

*In BGN '000*

			31.12.2018 r.
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	734,928	(47,974)	686,954
- Mortgage loans	700,311	(25,061)	675,250
- Credit cards	187,577	(29,900)	157,677
- Other programmes and collateralised financing	6,231	-	6,231
Small and medium enterprises	751,180	(33,507)	717,673
Microlending	139,943	(21,018)	118,925
Corporate customers	3,745,434	(582,187)	3,163,247
Including receivables from financial lease	389,909	(11,480)	378,429
<b>Total</b>	<b>6,265,604</b>	<b>(739,647)</b>	<b>5,525,957</b>

**(a) Movement in impairment allowances***in BGN '000*

<b>Balance as at 01 January 2019</b>	<b>739,647</b>
Additional allowances	32,599
Amounts released	(10,891)
Write-offs	(222,615)
Effect from change in exchange rates	24
Other	58
<b>Balance as at 30 June 2019</b>	<b>538,822</b>

Distribution of trade receivables and impairment as adjustment for financial assets (receivables from customers) according to the requirements of IFRS9:

	30/06/2019		31/12/2018	
	Gross amount of loans and advances to customers	Allowance for impairment	Gross amount of loans and advances to customers	Allowance for impairment
Exposures without increase of credit risk after the initial recognition (phase 1)	3,737,003	24,927	3,715,064	26,444
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,418,413	91,684	1,156,689	89,594
Non-performing (impaired) exposures (phase 3)	1,243,129	422,211	1,393,851	623,609
<b>Total</b>	<b>6,398,545</b>	<b>538,822</b>	<b>6,265,604</b>	<b>739,647</b>

**30 June 2019***in thousands of BGN*

Class of exposure	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	5,155,416	(116,611)	5,038,805
Nonperforming			
Collectively impaired	336,309	(116,873)	219,436
Individually impaired	906,820	(305,338)	601,482
<b>Total</b>	<b>6,398,545</b>	<b>(538,822)</b>	<b>5,859,723</b>

**31 December 2018***in thousands of BGN*

Class of exposure	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	4,871,753	(116,038)	4,755,715
Nonperforming			
Collectively impaired	351,996	(150,125)	201,871
Individually impaired	1,041,855	(473,484)	568,371
<b>Total</b>	<b>6,265,604</b>	<b>(739,647)</b>	<b>5,525,957</b>

As at 30 June 2019 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 861,895 thousand. (31 December 2018: BGN 815,860 thousand)



## 15. Property and equipment

<i>in BGN '000</i>	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
<b>Cost</b>						
<b>At 1 January 2019</b>	<b>17,651</b>	<b>140,457</b>	<b>6,575</b>	<b>18,794</b>	<b>66,509</b>	<b>249,986</b>
Additions	-	-	-	6,256	-	6,256
Disposals	-	(1,151)	-	(1)	(1,348)	(2,500)
Transfers	-	2,528	-	(3,548)	559	(461)
<b>At 30 June 2019</b>	<b>17,651</b>	<b>141,834</b>	<b>6,575</b>	<b>21,501</b>	<b>65,720</b>	<b>253,281</b>
<b>Amortisation</b>						
<b>At 1 January 2019</b>	<b>4,765</b>	<b>118,004</b>	<b>6,080</b>	-	<b>40,510</b>	<b>169,359</b>
Accrued during the year	316	3,727	129	-	1,214	5,386
On disposals	-	(1,151)	-	-	(1,348)	(2,499)
<b>At 30 June 2019</b>	<b>5,081</b>	<b>120,580</b>	<b>6,209</b>	-	<b>40,376</b>	<b>172,246</b>
<b>Carrying amount</b>						
<b>At 1 January 2019</b>	<b>12,886</b>	<b>22,453</b>	<b>495</b>	<b>18,794</b>	<b>25,999</b>	<b>80,627</b>
<b>At 30 June 2019</b>	<b>12,570</b>	<b>21,254</b>	<b>366</b>	<b>21,501</b>	<b>25,344</b>	<b>81,035</b>

## 16. Intangible assets

*in thousands of BGN*

	Software and licences	Total
<b>Cost</b>		
<b>At 1 January 2019</b>	<b>40,422</b>	<b>40,422</b>
Disposals	-	-
Transfers	461	461
<b>At 30 June 2019</b>	<b>40,883</b>	<b>40,883</b>
<b>Amortisation</b>		
<b>At 1 January 2019</b>	<b>27,083</b>	<b>27,083</b>
Accrued during the year	1,659	1,659
On disposals	-	-
<b>At 30 June 2019</b>	<b>28,742</b>	<b>28,742</b>
<b>Carrying amount</b>		
<b>At 1 January 2019</b>	<b>13,339</b>	<b>13,339</b>
<b>At 30 June 2019</b>	<b>12,141</b>	<b>12,141</b>

### 16a. Repossessed assets

*in thousands of BGN*

	30.06.2019	31.12.2018
Land	460,688	478,133
Buildings	210,089	283,933
Machines, plant and vehicles	34,676	41,852
Fixtures and fittings	800	789
<b>Total</b>	<b>706,253</b>	<b>804,707</b>

Repossessed assets acquired as collateral are measured at the lower of cost and net realisable value. The net realizable value of the lands and buildings is approximately equal to their fair value.

## 16b. Investment Property

in thousands of BGN

<b>Balance as at 01 January 2019</b>	<b>242,558</b>
Transferred from repossessed assets	99,394
Revaluation of investment property to the fair value recognised at transfer	72,940
Write-offs upon sale	(141)
<b>Balance as at 30 June 2019</b>	<b>414,751</b>

## 16c. Investments in subsidiaries

Investments in subsidiaries are as follows:

in thousands of BGN

30/06/2019

Entity	% held	Acquisition cost	Allowance for impairment	Carrying amount
First Investment Finance B.V., Netherlands	100%	3,947	-	3,947
Diners Club Bulgaria AD	94.79%	5,443	-	5,443
First Investment Bank – Albania Sh.a.	100%	23,420	-	23,420
Debita OOD	70%	105	(104)	1
Realtor OOD	51%	77	(74)	3
Fi Health Insurance AD	59.10%	3,315	-	3,315
Balkan Financial Services EAD	100%	50	-	50
Turnaround Management EOOD	100%	-	-	-
Creative Investment EOOD	100%	-	-	-
Lega Solutions EOOD	100%	-	-	-
AMC Imoti EOOD	100%	-	-	-
<b>Total</b>		<b>36,357</b>	<b>(178)</b>	<b>36,179</b>

in BGN '000

31/12/2018

Entity	% held	Acquisition cost	Allowance for impairment	Carrying amount
First Investment Finance B.V., Netherlands	100%	3,947	-	3,947
Diners Club Bulgaria AD	94.79%	5,443	-	5,443
First Investment Bank – Albania Sh.a.	100%	23,420	-	23,420
Debita OOD	70%	105	(104)	1
Realtor OOD	51%	77	(74)	3
Fi Health Insurance AD	59.10%	3,315	-	3,315
Balkan Financial Services EAD	100%	50	-	50
Turnaround Management EOOD	100%	-	-	-
Creative Investment EOOD	100%	-	-	-
Lega Solutions EOOD	100%	-	-	-
AMC Imoti EOOD	100%	-	-	-
<b>Total</b>		<b>36,357</b>	<b>(178)</b>	<b>36,179</b>

## 17. Other assets

in thousands of BGN

	30.06.2019	31.12.2018
Deferred expense	30,081	10,735
Gold	5,527	5,585
Other assets	86,272	94,058
<b>Total</b>	<b>121,880</b>	<b>110,378</b>

**18. Due to banks***in thousands of BGN*

	<b>30.06.2019</b>	<b>31.12.2018</b>
Term deposits	6,120	-
Payable on demand	7,291	17,243
<b>Total</b>	<b>13,411</b>	<b>17,243</b>

**19. Due to other customers***in thousands of BGN*

	<b>30.06.2019</b>	<b>31.12.2018</b>
Retail customers		
- current accounts	1,291,952	1,204,229
- term and savings deposits	5,202,359	5,188,626
Businesses and public institutions		
- current accounts	1,246,498	1,184,170
- term deposits	524,399	444,414
<b>Total</b>	<b>8,265,208</b>	<b>8,021,439</b>

**20. Liabilities evidenced by paper***in thousands of BGN*

	<b>30.06.2019</b>	<b>31.12.2018</b>
Acceptances under letters of credit	11,859	13,553
Debt related to agreements for full swap of profitability	73,651	73,525
Financing from financial institutions	26,356	31,078
<b>Total</b>	<b>111,866</b>	<b>118,156</b>

Financing from financial institutions through extension of loan facilities can be analysed as follows:

*in thousands of BGN*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 30 June 2019</b>
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	36
European Investment Fund – JEREMIE 2	0 % - 1.319%	30/09/2025	10,184
Bulgarian Bank for Development AD	1% - 1.583%	15.03.2027 - 30.11.2028	16,136
<b>Total</b>			<b>26,356</b>

*In BGN '000*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 31 December 2018</b>
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	68
European Investment Fund – JEREMIE 2	0 % - 1.312%	30/09/2025	13,674
Bulgarian Bank for Development AD	1% - 3.50%	30.03.2019 - 30.11.2028	17,336
<b>Total</b>			<b>31,078</b>

## 21. Hybrid debt

	Principal amount	Amortised cost as at 31 June 2019
Hybrid debt with principal EUR 40 mio	78,233	79,900
Hybrid debt with principal EUR 60 mio	117,350	130,259
<b>Total</b>	<b>195,583</b>	<b>210,159</b>

*In BGN '000*

	Principal amount	Amortised cost as at 31 Dec 2018
Hybrid debt with principal EUR 40 mio	78,233	84,929
Hybrid debt with principal EUR 60 mio	117,350	123,857
<b>Total</b>	<b>195,583</b>	<b>208,786</b>

In March 2011 the Bank issued a hybrid instrument (bond issue) and, after obtaining permission from the Bulgarian National Bank, included it as Tier 1 capital. The Bank placed the bond issue under private subscription with a total nominal value of EUR 20,000 thousand, constituting the first tranche of a bond issue with an envisaged total amount of up to EUR 40,000 thousand. In June 2012 the Bank issued the second tranche of the instrument, also amounting to EUR 20,000 thousand and following permission from the Bulgarian National Bank included in its Tier 1 capital.

In November 2012 the Bank issued a hybrid instrument (bond issue) and, after obtaining permission from the Bulgarian National Bank, included it as Tier 1 capital. The Bank placed the bond issue under private subscription with a total nominal value of EUR 20,000 thousand, constituting the first tranche of a bond issue with an envisaged total amount of up to EUR 60,000 thousand. In November 2013 the Bank issued the second and third tranches of the instrument, amounting to a total of EUR 40,000 thousand and following permission from the Bulgarian National Bank included them in its Tier 1 capital.

The bonds under both instruments are registered, dematerialized, interest-bearing, perpetual, unsecured, freely transferable, non-convertible, deeply subordinated and without incentive to redeem.

The two bond issues were admitted for trading at the Luxembourg Stock Exchange in 2014 based on prospects approved by the Luxembourg Commission de Surveillance du Secteur Financier.

The two hybrid instruments fully comply with the requirements of Regulation 575/2013 and are included in the additional tier 1 capital.

## 22. Other liabilities

<i>in thousands of BGN</i>	30.06.2019	31.12.2018
Liabilities to personnel	2,415	3,096
Provisions for pending court cases	734	734
Impairment on off balance sheet commitments	2,792	1,012
Other payables	7,702	52,674
<b>Total</b>	<b>13,643</b>	<b>57,516</b>

## 23. Shareholders

As at 30 June 2019 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 30 June 2019 together with the number and percentage of total issued shares.

	<b>Number of shares</b>	<b>% of issued share capital</b>
Mr. Ivailo Dimitrov Mutafchiev	46,750,000	42.50
Mr. Tzeko Todorov Minev	46,750,000	42.50
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	15.00
<b>Total</b>	<b>110,000,000</b>	<b>100.00</b>

In 2019 as in the previous year, the Bank did not distribute dividends.

## 24. Commitments and contingent liabilities

### Contingent liabilities

<i>in thousands of BGN</i>	<b>30.06.2019</b>	<b>31.12.2018</b>
Bank guarantees	210,066	228,705
Unused credit lines	596,754	512,911
Letters of credit	26,860	16,984
Other contingent liabilities	-	-
<b>Total</b>	<b>833,680</b>	<b>758,600</b>
Impairment on off balance sheet commitments	2,792	1,012

## 25. Related party transactions

<b>Type of related party</b>	<b>Parties that control or manage the Bank</b>		<b>Enterprises under common control</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
<i>in BGN '000</i>				
Loans	2,294	1,769	19,837	21,915
Deposits and loans received:	11,266	12,862	103,189	111,018
Deposits placed	-	-	16,777	19,704
Other receivables	-	-	16,523	22,146
Other borrowings	-	-	100	100
Off-balance sheet commitments issued by the Bank	989	1,283	1,972	3,469

First Investment Bank announces that as at 30/06/2019:

1. There were no unusual (in terms of amount, nature or timing) assets, liabilities, equity, net income and cash flows.
2. There were no unusual changes in contingent assets and liabilities since the last annual financial statements.
3. There were not issued, repaid or repurchased capital instruments.
4. No dividends were accrued or paid.

*(signed)*

Chief Executive Officer  
NEDELCHO NEDELICHEV

*(signed)*

Executive Director  
SVETOZAR POPOV

*(signed)*

Executive Director  
CHAVDAR ZLATEV

*(signed)*

Chief Financial Officer  
JIVKO TODOROV

**INTERIM REPORT  
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD  
as at 30 June 2019**

**(unconsolidated)**

**prepared under Art. 100o, para. 4(2) with relation to Art. 100o<sup>1</sup>, Para. 7 of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(2) and (7) and para. 3 of Ordinance No 2 of the Financial Supervision Commission (FSC) on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information**

In the second quarter of 2019 First Investment Bank AD (First Investment Bank AD, the Bank) continued its successful development as an innovative, stable and reliable bank institution.

Highlights in the activity of First Investment Bank AD as at 30 June 2019:

- Notification pursuant to Article 27(2), item 1 of Notification pursuant to Art. 27(2), item 1 of Ordinance No. 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information: a financial lease transaction with an international investor for a significant portion of the site of the former Kremikovtzi steel plant were published at 30.01.2019.
- Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 31.01.2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 01.03.2019.
- Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2018 were published at 05.04.2019;
- Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 30 April 2019;
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 April 2019;

- Notice and materials for the General Meeting of Shareholders of First Investment Bank AD were published at 17 May 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 May 2019;
- Information regarding FIBank's ratings from Fitch Ratings and Moody's Investors Service was disclosed on 05 June 2019;
- Summary results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 19 June 2019 were published on that day;
- The minutes of the regular Annual General Meeting of Shareholders of First Investment Bank AD held on 19 June 2019 and amendments to its By-Laws were published at 21 June 2019.



*Review of the activities of First Investment Bank AD as at 30 June 2019 on unconsolidated (unaudited) basis*

- *Balance sheet as at 30 June 2019.*

The balance sheet assets of the Bank as at 30.06.2019 reached BGN 9,538 million, showing growth by BGN 301 mln against the end of 2018, and thus First Investment Bank AD retains its place among the leading banks in the Bulgarian banking system. As at 30.06.2019 the deposits from other customers amounted to BGN 8,265 million, with growth of BGN 244 mln for the period; for this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at 30 June 2019 the accounting equity amounted to BGN 910 million net, which indicates growth by BGN 97 mln compared to the end of 2018. Receivables from clients amounted to BGN 5,860 million book value, an increase for H1 2019 by BGN 334 mln.

- *Unconsolidated profit for Q2 2019*

The net profit of the Bank for H1 2019 amounted to BGN 94,165 thousand, an increase by BGN 48,718 thousand less in comparison to the same period in 2018. The profit before tax for H1 2019 is BGN 104,978 thousand, which is BGN 65,804 thousand more in comparison to the same period in 2018.

The total revenue from banking operations for the period amounted to BGN 175,651 thousand. The net interest income amounted to BGN 115,764 thousand, and the net income from fees and commissions is BGN 47,983 thousand.

- *Capital resources*

The capital adequacy ratio of First Investment Bank AD as at 30 June 2019 reached 17,38 %. The Tier 1 capital adequacy was 17,38 %, and the tier one ratio was 14,54 %. During the period the Bank was in compliance with and significantly above the regulatory capital requirements.

- *Liquidity*

The liquidity coverage ratio of First Investment Bank AD, as at 30 June 2019 reached 218,64 % and the net stable funding ratio is 133,48 %, showing a stable liquidity position

- *A total of 150 branches and offices throughout the country*

As at 30 June 2019, First Investment Bank AD had a total of 150 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank

**INFORMATION AS AT 30 June 2019  
UNDER ART. 33, PARA. 1, P. 7  
OF ORDINANCE No2**

*on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information*

- a) information on changes in the accounting policy during the reporting period, the reasons for them, and the way in which they affect the financial results and equity of the issuer

*The following amendments to existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:*

- *IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018*
- *IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;*
- *IAS 28 Foreign Currency Transactions and Advance Consideration (issued on 12 October 2017), endorsed by the EU on 08 February 2019, published in the Official Journal on 11 February 2019*
- *Amendments to IAS 19: Prepayment Features with Negative Compensation (issued on 07 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019*

*The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies with the exception of the application of IFRS 16.*

*IFRS 16 Leases, effective as of 1 January 2019, replaces the instructions to IAS 17 Leases and makes changes to the accounting for leases, especially for lessees.*

*According to IAS 17 lessees were required to distinguish between finance leases (recognised in the balance sheet) and operating leases (off-balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting lease payments to be made and the right-of-use asset for almost all lease agreements.*

*IASB envisaged exemptions for short-term leases or leases of low-value assets; these exemptions may only be applied by the lessee.*

*Lessor accounting remains largely unchanged.*

*According to IFRS 16, a lease agreement or an agreement containing a lease, is an agreement which grants the right to control the use of an asset over a given period of time against remuneration.*

*The management is in the process of assessing the effect from application of the standard, but cannot yet provide quantitative information. The following steps have been undertaken:*

- *All agreements are subjected to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;*
- *A decision is to be made which transition approach to opt for - either a full or a modified retrospective transition approach (which means that comparative information will not be restated). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. The decision which approach to choose is important because it cannot be changed later.*
- *Current disclosures on financial lease and operating lease agreements are being assessed, since they might be the basis for determining the capitalised amount and may become right-of-use assets.*
- *It is being determined what accounting simplification is applicable to lease agreements and whether the right to exemption will be used.*
- *The requirements to the existing IT system are being reviewed;*
- *the additional required disclosures are being assessed.*
- *Management does not expect a significant effect from application of this standard, since in the analysed rental agreements to which the Bank is a party as a tenant:*
- *The right to control the asset is not transferred because in practice the Bank's ability to receive substantially all of the economic benefits from use of the asset in practice is limited. In essence, all rental agreements to which the Bank is a party deprive it of the right to sublease the property to third parties.*
- *In the analysed rental agreements, the right to control the use of the asset is not transferred, and the bank is limited in making relevant decisions regarding how to use the rented asset, as it can only make decisions related to the operating use and maintenance of said asset. In essence, as regards all rental agreements, the Bank has no right to change the approved manner of use for the property by making a decision to use it for purposes different from those initially approved. The lessor, on the other hand, being the owner, may at any time change the instructions for use given upon the initial agreement. This in practice deprives the bank as lessee of the full right to control the use of the asset.*
- *Due to the reasons listed above the Bank assumes that a significant portion of the rental agreements to which the Bank is a party as a lessee do not fall within the scope of the definition for lease.*

*The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2018, with the exception of the disclosed effect from the application of IFRS 16.*

b) information on changes in the economic group of the issuer, if applicable:

*There have been no changes in the economic group during the period.*

*At the general meeting of shareholders of Fi Health Insurance held on 19.06.2019 the company's by-laws were amended as regards the scope of activities.*

c) information on the outcome from organizational changes within the issuer, such as restructuring, sale of companies from the economic group, in-kind contributions by the company, renting of property, long-term investments, suspension of operations:

*See „b” above.*

d) opinion of the managing body regarding the feasibility of the forecasts published for the current financial year, taking into account the results of the current quarter, as well as information about the factors and circumstances that will affect the achievement of the forecast results at least for the next quarter:

*No forecasts were published for the results for 2019.*

e) information on the persons holding directly or indirectly at least 5 per cent of votes in the General Meeting at the end of the respective quarter, and changes in the votes held by such persons since the end of the previous quarter:

	<i>at 31 March 2019</i>		<i>at 30 June 2019</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

f) information about the shares held by the management and supervisory bodies of the issuer at the end of the respective quarter, as well as on the changes which have occurred since the end of the preceding quarter for each person:

<i>Members of the Managing Board</i>	<i>at 31 March 2019</i>		<i>at 30 June 2019</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Nedelcho Nedelchev	350	0,00	No change	
Chavdar Zlatev	523	0,00	No change	
Sevdalina Vasileva	0	0,00	No change	
Svetozar Popov	0	0,00	No change	
Jivko Todorov	0	0,00	No change	
Nadya Koshinska	234	0,00	No change	

<i>Members of the Supervisory Board</i>	<i>at 31 March 2019</i>		<i>at 30 June 2019</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Evgeni Lukanov	337 139	0,31	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

g) Information about pending judicial, administrative or arbitration procedures concerning liabilities or receivables amounting to at least 10 per cent of the equity of the issuer; if the total amount of liabilities or receivables of the issuer in all initiated procedures exceeds 10 per cent of its equity, information shall be presented for each procedure separately:

*No events have occurred.*

h) information about loans granted by the issuer or any of its subsidiaries, guarantees provided or liabilities assumed to a single entity or its subsidiary, including related parties, indicating

the nature of relations between the issuer and the entity, outstanding principal amount, interest rate, maturity date, initial amount of the liability, term and conditions:

*First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 30 June 2019 no events have occurred beyond the ordinary activity of the Bank.*

**INFORMATION AS AT 30 June 2019  
UNDER ART. 33, PARA. 3  
OF ORDINANCE NO2**

*on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information*

*1. Transactions between related parties concluded during the reporting period of the current financial year that had significant effect on the financial position or performance of the company in this period:*

First Investment Bank AD enters into transactions with related parties in the ordinary course of its banking business, on terms which would be customary in transactions with unrelated parties. These transactions do not affect the financial condition or performance of First Investment Bank AD.

*2. Changes in transactions concluded with related parties disclosed in the annual report that have significant impact on the financial position or performance of the company during the reporting period of the current financial year.*

As at 30.06.2019, no changes have occurred in transactions concluded with related parties that have significant impact on the financial position or performance of First Investment Bank AD.

(signed)  
Nedelcho Nedelchev  
Chief Executive Officer  
Chair of MB

(signed)  
Svetozar Popov  
Executive Director  
MB Member

(signed)  
Chavdar Zlatev  
Executive Director  
MB Member

(signed)  
Jivko Todorov  
Chief Financial Officer  
MB Member

## DECLARATION

**under Art. 100o, para. 4(3) of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(4) of Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information**

The undersigned Nedelcho Nedelchev, Chief Executive Officer and Chairman of the Managing Board of First Investment Bank AD, Svetozar Popov and Chavdar Zlatev, Executive Directors and members of the Managing Board of First Investment Bank AD, and Jivko Todorov, Chief Financial Officer and member of the Managing Board of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (unconsolidated) of First Investment Bank AD as at 30 June 2019, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD and the consolidated entities;
- the interim report on the activities of First Investment Bank AD as at 30 June 2019 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

*(signed)*  
Nedelcho Nedelchev  
Chief Executive Officer  
Chair of MB

*(signed)*  
Svetozar Popov  
Executive Director  
Member of MB

*(signed)*  
Chavdar Zlatev  
Executive Director  
MB Member

*(signed)*  
Jivko Todorov  
Chief Financial Officer  
MB Member

25 July 2019

*This document was prepared in compliance with the requirements of Art. 100o, Para. 4(4) of the Law on the Public Offering of Securities, as per Art. 33, Para. 1, items (3) and (5) of Ordinance No. 2 of the Financial Supervision on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information*

**Information on circumstances which occurred by 30 June 2019  
and which may have an impact on the price of First Investment Bank shares**

1. Notification pursuant to Article 27(2), item 1 of Notification pursuant to Art. 27(2), item 1 of Ordinance No. 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information: a financial lease transaction with an international investor for a significant portion of the site of the former Kremikovtzi steel plant. – Registered at FSC under incoming No. 10-05- 567/30.01.2019.
2. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-609/30.01.2019 and No. 10-05-652/31.01.2019;
3. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-1068/01.03.2019.
4. Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2018 – Registered at FSC under incoming No. 10-05-1704/05.04.2019;
5. Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-2367/30.04.2019;
6. Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 – Registered at FSC under incoming No. 10-05-2424/30.04.2019;
7. Notice and materials for the General Meeting of Shareholders of First Investment Bank AD – Registered at FSC under incoming No. 10-05-2778/17.05.2019;
8. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 – Registered at FSC under incoming No. 10-05-3146/30.05.2019;
9. Disclosure of Information regarding First Investment Bank’s ratings from Fitch Ratings and Moody's Investor Services – Registered at FSC under incoming No. 10-05-3242/05.06.2019;
10. Information on the results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 19 June 2019 – Registered at FSC under incoming No. 10-05-3473/19.06.2019;



11. Submission of minutes of the regular Annual General Meeting of Shareholders of First Investment Bank AD held on 21 June 2019 and amendments to the By-Laws of First Investment Bank AD – Registered at FSC under incoming No. 10-05-3528/21.06.2019.

(signed)  
Nedelcho Nedelchev  
Chief Executive Officer  
Chairperson of MB

(signed)  
Svetozar Popov  
Executive Director  
Member of MB

(signed)  
Chavdar Zlatev  
Executive Director  
Member of MB

(signed)  
Jivko Todorov  
Chief Financial Officer  
Member of MB

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Bank	FINV9150	First Investment Bank AD	
Reporting date	30.6.2019		
Basis for application	individual		
Accounting standard	IFRS	Reporting currency	in BGN '000

## 1. 1. Balance sheet [statement of financial position]

c010

### 1.1 Assets

		References	Breakdown in table	Carrying amount
				part 1, paragraph 27 of Appendix V
				010
010	<b>Cash and cash balances with central banks and other deposits payable on demand</b>	Para. 54 (i) of IAS 1		<b>1 639 182</b>
020	Cash	part 2, paragraph 1 of Appendix V		165 227
030	Cash balances with central banks	part 2, paragraph 1 of Appendix V		1 158 651
040	Other deposits payable on demand	part 2, paragraph 1 of Appendix V	5	315 304
050	<b>Financial assets held for trading</b>	Supplement A to IFRS 9		<b>6 896</b>
060	Derivatives	Supplement A to IFRS 9	10	0
070	Equity	Para. 11 of IAS 32	4	4 385
080	Debt securities	part 1, paragraph 31 of Appendix V	4	2 511
090	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
096	<b>Non-tradable financial assets mandatorily reported at fair value through profit or loss</b>	Para. 8 (a)(ii) of IFRS 7; IFRS 9.4.1.4	4	<b>17 559</b>
097	Equity	Para. 11 of IAS 32	4	17 559
098	Debt securities	part 1, paragraph 31 of Appendix V	4	0
099	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
100	<b>Financial assets at fair value through profit or loss</b>	Para. 8 (a)(i) of IFRS 7; IFRS 9.4.1.5	4	<b>0</b>
120	Debt securities	part 1, paragraph 31 of Appendix V	4	0
130	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
141	<b>Financial assets at fair value through other comprehensive income</b>	Para. 8 (h) of IFRS 7; IFRS 9.4.1.2A	4	<b>563 674</b>
142	Equity	Para. 11 of IAS 32	4	0
143	Debt securities	part 1, paragraph 31 of Appendix V	4	563 674
144	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
181	<b>Financial assets at amortised cost</b>	Para. 8 (f) of IFRS 7; IFRS 9.4.1.2	4	<b>5 938 060</b>
182	Debt securities	part 1, paragraph 31 of Appendix V	4	12 886
183	Loans and advances	part 1, paragraph 32 of Appendix V	4	5 925 174
240	<b>Derivatives - hedge accounting</b>	IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V	11	<b>0</b>
250	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (a) of IAS 39, IFRS 9.6.5.8		<b>0</b>
260	<b>Investments in a subsidiary, jointly-controlled entity or associate</b>	Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V	40	<b>36 179</b>
270	<b>Tangible assets</b>			<b>495 928</b>
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	21, 42	81 035
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	414 893
300	<b>Intangible assets</b>	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		<b>12 141</b>
310	Goodwill	Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575		0
320	Other intangible assets	Paras. 8, 118 of IAS 38	21, 42	12 141
330	<b>Tax assets</b>	Para. 54 (n)-(o) of IAS 1		<b>5</b>
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		5
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575		0
360	<b>Other assets</b>	part 2, paragraph 5 of Appendix V		<b>828 874</b>
370	<b>Non-current assets and disposal groups classified as held for sale</b>	Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 7 of Appendix V		<b>0</b>
380	<b>TOTAL ASSETS</b>	Para. 9, (a), IN 6 of IAS 1		<b>9 538 498</b>

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ANNEX III

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Bank	FINV9150	First Investment Bank AD
Reporting date		30.6.2019
Basis for application	individual	
Accounting standard	IFRS	Reporting currency in BGN '000

**1. 1. Balance sheet [statement of financial position]**

c010

**1.2 Liabilities**

		References	Breakdown in table	Carrying amount
				part 1, paragraph 27 of Appendix V
				010
010	<b>Financial liabilities held for trading</b>	Para. 8, (e)(ii) of IFRS 7; BA Para. 6 of IFRS 9	8	0
020	Derivatives	supplement A to IFRS 9, IFRS 9.4.2.1(a), BA, paragraph 7(a) of IFRS 9	10	0
030	Short positions	BA, Paragraph 7(b) of IFRS 9	8	0
040	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
050	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
060	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	0
070	<b>Financial liabilities at fair value through profit or loss</b>	Para. 8 (e)(i) of IFRS 7; IFRS 9.4.2.2	8	0
080	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
090	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
100	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	0
110	<b>Financial liabilities at amortised cost</b>	Para. 8 (g) of IFRS 7; IFRS 9.4.2.1	8	8 600 643
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	8 352 271
130	Issued debt securities	part 1, paragraph 37 of Appendix V	8	210 158
140	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	38 214
150	<b>Derivatives - hedge accounting</b>	IFRS 9.6.2.1, part 1, paragraph 26 of Appendix V	11	0
160	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (b) of IAS 39, IFRS 9.6.5.8		0
170	<b>Provisions</b>	Para. 10 of IAS 37; Para. 54 (l) of IAS 1	43	3 526
180	Pensions and other obligations to pay defined post-employment benefits	Para. 63 of IFRS 19; Para. 78(d) of IAS 1; part 2, item 9 of Appendix V	43	0
190	Other long-term employee benefits	Para. 153 of IFRS 19; Para. 78(d) of IAS 1; part 2, item 10 of Appendix V	43	0
200	Restructuring	Para. 71 and 84(a) of IAS 37	43	0
210	Pending legal matters and tax-related court cases	IAS 37, addendum B, examples 6 and 10	43	734
220	Commitments and guarantees	IFRS 9.4.2.1(c), (d); 9.5.5; 9.C2.5; IAS 37; IFRS 4; part 2, para. 11 of Appendix V	9 12 43	2 792
230	Other provisions	Para. 14 of IAS 37	43	0
240	<b>Tax liabilities</b>	Para. 54 (n)-(o) of IAS 1		12 862
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		177
260	Deferred tax liabilities	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		12 685
270	<b>Share capital payable upon request</b>	IAS 32, Illustrative example 33; IFRIC 2; part 2, paragraph 12 of Appendix V		0
280	<b>Other liabilities</b>	part 2, paragraph 13 of Appendix V		11 217
290	<b>Liabilities in disposal groups classified as held for sale</b>	Para. 54, (p) of IAS 1; Para. 38 of IFRS 5; part 2, paragraph 14 of Appendix V		0
300	<b>TOTAL LIABILITIES</b>	Para. 9, (b), IN 6 of IAS 1		8 628 248

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ANNEX III

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Bank	FINV9150	First Investment Bank AD
Reporting date	30.6.2019	
Basis for application	individual	
Accounting standard	IFRS	Reporting currency in BGN '000

**1.1. Balance sheet [statement of financial position]**

c010

**1.3 Total own funds**

		References	Breakdown in table	Carrying amount
				010
010	<b>Equity</b>	Para. 54(s) of IAS 1; Para. 22 of DOB	46	<b>110 000</b>
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	part 2, paragraph 14 of Appendix V		0
040	<b>Premium reserves</b>	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	<b>97 000</b>
050	<b>Issued capital instruments other than share capital</b>	part 2, paragraphs 18-19 of Appendix V	46	<b>0</b>
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V		0
070	Other issued equity instruments	part 2, paragraph 19 of Appendix V		0
080	<b>Other own funds</b>	Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V		<b>0</b>
090	<b>Accumulated other comprehensive income</b>	Art. 4, para. 1, item 100 of Reg 575	46	<b>18 553</b>
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		4 500
100	Tangible assets	Paras. 39 -41 of IAS 16		4 500
110	Intangible assets	Paras. 85-87 of IAS 38		0
120	Actuarial gains or (-) losses on defined benefit plans	Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19		0
122	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0
124	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
320	Changes in fair value of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRC 9; part 2, paragraph 21 of Appendix V		0
330	Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IFRS 1; IFRS 9.5.7.5 and 6.5.3; paragraph 24C of IFRS 7, part 2, paragraph 22 of Appendix V		0
340	Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]	IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V		0
350	Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]	Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V		0
360	Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk	Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V		0
128	Items which can be reclassified as profit or loss	Para. 81A (a)(ii) of IAS 1		14 053
130	Hedges of net investments in foreign operations [effective portion]	IFRS 9.6.5.13(a); Paragraph 24B(b), items ii) and iii) of IFRS 7; Paragraph 24C(b), items i) and iv), and paragraph 24E(a) of IFRS 7; part 2, paragraph 24 of Appendix V		0
140	Currency exchange	Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21		0
150	Derivatives from hedging Cash flow hedges [effective portion]	Paragraph 7(e) of IAS 1; paragraph 24B(b), items ii) and iii) of IFRS 7; paragraph 24C(b), item i) and paragraph 24E of IFRS 7; IFRS 9.6.5.11(b); part 2, paragraph 25 of appendix V		0
155	Changes in fair value of debt instruments at fair value in other comprehensive income	Para. 7 (da) of IAS 1; IFRS 9.4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V		14 053

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ANNEX III

		References	Breakdown in table	Carrying amount
				010
165	Hedging instruments [unreported elements]	Paragraph 7, (g) and (h) of IAS 1; IFRS 9 6.5.15 and 6.5.16; Paragraph 24 E, (b) and (c) of IFRS 7, part 2, Paragraph 60 of appendix V		0
170	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0
180	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
190	<b>Retained earnings</b>	Art. 4, para. 1, item 123 of Reg 575		<b>0</b>
200	<b>Revaluation reserve</b>	Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V		<b>0</b>
210	<b>Other reserves</b>	Para. 54 of IAS 1; Para. 78 (e) of IAS 1		<b>590 532</b>
220	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	Para. 11 of IAS 28; part 2, item 29 of Appendix V		0
230	Other	part 2, paragraph 29 of Appendix V		590 532
240	<b>(-) Repurchased own shares</b>	Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14. IE36 of IAS 32; part 2, paragraph 30	46	<b>0</b>
250	<b>Profit or loss attributable to the owners of the parent company</b>	Para. 81B (b)(ii) of IAS 1	2	<b>94 165</b>
260	<b>(-) Interim dividends</b>	Para. 11 of IAS 32		<b>0</b>
270	<b>Minority interests [Non-controlling interests]</b>	Para. 54 (r) of IAS 1		<b>0</b>
280	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	0
290	Other items		46	0
300	<b>TOTAL SHAREHOLDERS' EQUITY</b>	Para. 9 (c), IN 6 of IAS 1	46	<b>910 250</b>
310	<b>TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES</b>	IN 6 of IAS 1		<b>9 538 498</b>

(signed)  
NEDELCHO NEDELICHEV  
Chief Executive Officer

(signed)  
SVETOZAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
JIVKO TODOROV  
Chief Financial Officer

ver2.7

Bank	FINV9150	First Investment Bank AD
Reporting date	30.6.2019	
Basis for application	Individual	
Accounting standard	IFRS	Reporting currency in BGN '000

**2. Profit and Loss Account**

c010

		References	Breakdown in table	Current period
				010
010	<b>Interest income</b>	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	<b>145 464</b>
020	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V		5
025	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7, IFRS 9.5.7.1		0
030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7		0
041	Financial assets at fair value through other comprehensive income	Para. 20(b) of IFRIC 7; IFRS 9.5.7.10-11, IFRS 9.4.1.2A		4 507
051	Financial assets at amortised cost	Para. 20(b) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2		140 944
070	Derivatives — hedge accounting, interest rate risk	supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V		0
080	Other assets	part 2, paragraph 36 of Appendix V		0
085	Revenue from interest on liabilities	IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V		8
090	<b>(Interest expense)</b>	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	<b>29 700</b>
100	(Financial liabilities held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V		0
110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7		0
120	(Financial liabilities at amortised cost)	Para. 20(b) of IFRIC 7; IFRS 9.5.7.2		28 016
130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V		0
140	(Other liabilities)	part 2, paragraph 38 of Appendix V		2
145	(Interest expense on assets)	IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V		1 682
150	<b>(Expense for share capital payable upon request)</b>	IFRIC 2, item 11		<b>0</b>
160	<b>Dividend income</b>	part 2, paragraph 40 of Appendix V	31	<b>14</b>
170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 40 of Appendix V		0
175	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; IFRS 9.5.7.1A, part 2, paragraphs 40 of Appendix V		14
191	Financial assets at fair value through other comprehensive income	Para. 20, (a)(ii) of IFRIC 7; IFRS 9.4.1.2A, IFRS 9.5.7.1A, part 2, paragraph 41 of Appendix V		0
192	Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	part 2, paragraph 42 of Appendix V		0
200	<b>Fee and commission income</b>	Para. 20 (c) of IFRS 7	22	<b>59 332</b>
210	<b>(Fee and commission expense)</b>	Para. 20 (c) of IFRS 7	22	<b>11 350</b>
220	<b>Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss</b>	part 2, paragraph 45 of Appendix V	16	<b>1 558</b>
231	Financial assets at fair value through other comprehensive income	IFRS 9.4.12A; IFRS 9.5.7.10-11		1 214
241	Financial assets at amortised cost	Para. 20(B)(v) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2		344
260	Financial liabilities at amortised cost	Para. 8 (a)(v) of IFRIC 7; IFRS 9.5.7.2		0
270	Other			0
280	<b>Net profits or (-) losses from financial assets and liabilities held for trading</b>	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V	16	<b>34</b>
287	<b>Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss</b>	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V		<b>0</b>
290	<b>Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss</b>	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V	16, 45	<b>0</b>
300	<b>Net profits or (-) losses from hedge accounting</b>	part 2, paragraph 47 of Appendix V	16	<b>0</b>
310	<b>Net profits or (-) losses from exchange rate differences</b>	Para. 28 and Para 52 (a) of IAS 21		<b>7 572</b>

		References	Breakdown in table	Current period
				010
330	<b>Net profits or (-) losses from write-off of non-financial assets</b>	Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V	45	797
340	<b>Other operating income</b>	part 2, paragraphs 314-316 of Appendix V	45	76 983
350	<b>(Other operating expense)</b>	part 2, paragraphs 314-316 of Appendix V	45	16 143
355	<b>TOTAL NET OPERATING INCOME</b>			234 561
360	<b>(Administrative expenses)</b>			99 050
370	(Personnel costs)	Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1	44	32 507
380	(Other administrative expenses)			66 543
390	<b>(Amortisation)</b>	Paras. 102, 104 of IAS 1		7 045
400	(Property, Plant and Equipment)	Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16		5 386
410	(Investment Property)	Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40		0
420	(Other intangible assets)	Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38		1 659
425	<b>Net profits or (-) losses from modification</b>	IFRS 9.5.4.3, supplement A to IFRS 9, part 2, paragraph 40 of Appendix V		0
426	Financial assets at fair value through other comprehensive income	Paragraph 35J of IFRS 7		0
427	Financial assets at amortised cost	Paragraph 35J of IFRS 7		0
430	<b>(Provisions or (-) reversed provisions)</b>	Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1	9 12	1 780
440	(Commitments and guarantees)	IFRS 9.4.2.1(c), (d); IFRS 9.B2.5; IAS 37; IFRS 4; part 2, para. 50 of Appendix V		1 780
450	(Other provisions)			0
460	<b>(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)</b>	Para. 20, (a)(viii) of IFRS 7; IFRS 9.5.4.4, part 2, items 51, 53 of Appendix V	12	21 708
481	(Financial assets at fair value through other comprehensive income)	IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8	12	0
491	(Financial assets at amortised cost)	IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8	12	21 708
510	<b>(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)</b>	Paras. 40-43 of IAS 28	16	0
520	<b>(Impairment or (-) reversed impairment of non-financial assets)</b>	Para. 126(a)-(b) of IAS 36	16	0
530	(Property, Plant and Equipment)	Para. 73, (e), (v)-(vi) of IAS 16		0
540	(Investment Property)	Para. 79, (d), (v) of IAS 40		0
550	(Goodwill)	B67, (d), (v) of IFRS 3; Para. 124 of IAS 36		0
560	(Other intangible assets)	Para. 118, (e), (iv)-(v) of IAS 38		0
570	(Other)	Para. 126(a)-(b) of IAS 36		0
580	<b>Negative goodwill in profit or loss</b>	B64, (n)(i) to IFRS 3		0
590	<b>Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method</b>	part 2, paragraph 54 of Appendix V		0
600	<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations</b>	Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V		0
610	<b>PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS</b>	Para. 102, IN 6 of IAS 1; Para. 33 A of IFRS 5		104 978
620	<b>(Tax expense or (-) income relating to the profit or loss from current operations)</b>	Para. 8, (d) of IAS 1; Para. 77 of IAS 12		10 813
630	<b>PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS</b>	IN 6 of IAS 1		94 165
640	<b>Profit or (-) loss after tax from discontinued operations</b>	Para. 82, (e) of IAS 1; Para. 33(a) and paragraph 33A of IFRS 5; part 2, paragraph 56 of Appendix V		0
650	Profit or (-) loss before tax from discontinued operations	Para. 33, (b)(i) of IFRS 5		0
660	(Tax expense or (-) income related to discontinued operations)	Para. 33, (b)(i) and (iv) of IFRS 5		0
670	<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	Para. 81A (a) of IAS 1		94 165
680	Relating to minority interests [non-controlling interests]	Para. 81B (b)(i) of IAS 1		0
690	Attributable to the owners of the parent company	Para. 81B (b)(ii) of IAS 1		94 165

(signed)  
NEDELCHO NEDELICHEV  
Chief Executive Officer

(signed)  
SVETOZAR POPOV  
Executive Director

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
JIVKO TODOROV  
Chief Financial Officer